

PROJECT OVERSIGHT REPORT

Medicaid Management Information System (MMIS)
Department of Social and Health Services (DSHS)

Report as of Date:
August 2004

Project Manager: John Anderson
Project Director: Heidi Robbins Brown
Executive Sponsor: Doug Porter

MOSTD Staff: Tom Parma

Severity/Risk Rating: High (high severity, high risk)

Oversight: Level 3 – ISB

Staff Recommendations: ISB oversight staff has no recommendations at this time.

Variances:

- Schedule: DSHS was able to release the RFP two weeks earlier than planned. However, evaluations are estimated to take two weeks longer than planned resulting in no variance to the plan.
- Budget/Cost: There is a positive variance of \$920,000 from the planning phase.
- Scope: None.
- Resources: None.

Report Synopsis: DSHS released the MMIS Reprocurement RFP on June 14, 2004, two weeks ahead of schedule. Four letters of intent were submitted. DSHS received three responses but is not releasing the names of the vendors until evaluations are completed.

Risks/Mitigation Tasks:

1. Schedule

Mitigation Tasks

- The evaluation schedule was built for a maximum of three responses; three were received.
- There is time built into the schedule to deal with a vendor protest.
- DSHS is working with the federal Centers for Medicare and Medicaid Services (CMS) to reduce the 60-day period for contract review and approval.

2. Budget/Cost: None.

3. Scope: None.

4. Resources: None.

Background Information

Description: Washington's MMIS is a 1970's legacy system comprised of over 1400 programs and 3,000,000 lines of COBOL code. As with most of these systems, it is a VSAM flat file application that relies on extensive hard coded program logic. It was designed to support a single benefit, fee for service Medicaid program. Even routine policy and maintenance updates require program changes and modifications to the data structure requires, at a minimum, recompiling numerous programs followed by significant regression testing.

The Washington MMIS contract was awarded to Consultec Inc. (now ACS State Healthcare) in 1982; Washington had imported an MMIS system implemented in Iowa in the late 1970s. Washington's MMIS became operational in 1983. Following a competitive procurement process in 1989, the contract was again awarded to ACS.

The system is a CMS certified MMIS with the six subsystems required by the State Medicaid Manual. Added functionalities include: a pharmacy point of sale (POS) system for processing drug claims and a decision support system (DSS) to support ad hoc reporting, MARS (Management and Administrative Reporting System (decision support)) and SURS (Surveillance and Utilization Review Subsystem (fraud)) reporting, and the Payment Review Program.

The MMIS processes over 24 million claims annually and pays over \$3 billion to participating Medicaid providers. The principal transactions are fee for service claims, over 85% of which are submitted electronically, and capitation payments to managed care plans on behalf of enrolled Medicaid clients.

Major improvements/enhancements to the system since 1989 include:

- 1991 Drug rebate subsystem implemented
- 1993 Primary Care Options Program (PCOP) implemented to support MAA's focus on maximizing managed care for Medicaid clients
- 1996 Pharmacy point of sale (POS) system implemented
- 1999 Access to the MMIS migrated from IBM 3270 terminals to the MAA LAN. A computer output to laser disc (COLD) system installed for electronic storage and retrieval of standardized MMIS reports
- 2000 DSS implemented
- 2001 OMNITRACK call management system implemented
- 2002 PRISM pharmacy benefit management program implemented

At a special Board meeting held via conference call on April 28, 2003, the ISB approved DSHS' request to release the MMIS RFP.